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DATE: June 11, 2004
TIME:
PAGES: 3 (including cover)
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OUR FILE NUMBER: SCHB-2700
RETURN TO: G. Stith

MESSAGE: U.S. Patent Appln. No. 09/654,627, filed 09/05/2000

Examiner Colbert,

Following up on our conversation earlier this week, attached is an overview of points for our interview scheduled for 10:00 A.M., Monday, June 14, 2004. As suggested, I tried to keep it short. Thank you for your attention to this matter.

Brian J. Keating (Reg. No. 39,520)

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D-R-A-F-T June 11, 2004

To: Examiner Colbert

RE: US Patent Application serial no. 09/654,627

Dear Examiner Colbert,

As you requested during our telephone conversation of June 7, 2004, this short document is an overview of points for discussion during our telephone interview which is scheduled for June 14, 2004, at 10:00 am PST. Thank you for calling me on this matter, I look forward to our interview on Monday.

The present application has a single pending claim. This claim is directed to a very specific process for providing investment recommendations. The pending claim recites:

20. (previously presented) In a computer system a method for characterizing an investment portfolio, comprising the steps of:
 inputting data for taxable investments;
 inputting data for non-taxable investments;
 inputting investor profile information;
 providing a processor programmed to perform an optimization which includes the data for the taxable investments, the data for the non-taxable investments and the investor profile information and which takes into account capital gains or losses on taxable investments which would be sold;
 outputting an investment recommendation;
 wherein the optimization comprises performing an iterative non-linear optimization routine, and the optimization routine comprises a first subroutine of attempting to resolve a flat function problem by running the routine with different sets of initial values, and the optimization routine further includes a second subroutine;
 wherein when the flat function does not optimize with any of the sets of initial values used in an initial step, the second subroutine is utilized, wherein the second subroutine includes: taking a solution for a best case; and re-running the optimization routine including only those investments with nonzero weights; and
 wherein when an optimal solution is found using the first subroutine, performing a third subroutine of re-running the optimization routine to account for minimum investment values; and
 wherein when an optimal solution is found using the second subroutine, performing the third subroutine of re-running the optimization routine to account for minimum investment values.

As shown by the above language of claim 20, the method requires very specific steps, utilizing three subroutines. Among other things the method provides for using an iterative approach where after an optimal solution is found using either the first or second subroutine a third subroutine is used which provides for accounting for minimum investment values.

The specification of the present application starting at page 72, line 19 and continuing thru page 75, provides detailed discussion relating to the elements recited in claim 20. This discussion clearly shows that what is claimed is not a traditional optimization routine. Indeed, the procedures recited in claim 20 are distinct.

The uniqueness of the elements recited in claim 20 is further highlighted when one considers much of the discussion from the US Patent no. 5,852,811 ("Atkins"). The Atkins reference was the basis for the rejection of the pending application in the outstanding Office Action (mailed 4/5/04) in this mater. The Office Action refers to a number of sections and figures of Atkins as anticipating claim 20.

It is respectfully submitted that after a careful review of the entire Atkins reference, and particularly those parts of Atkins referred to in the Office Action, that Atkins does not appear to provide any discussion which discloses or suggests the method recited in claim 1. Atkins discloses a system and method which provide for an overall evaluation of a client's financial situation, including considerations relating to home mortgages, IRAs, 401ks and insurances, and other financial assets. Atkins does not appear to contain any disclosure even remotely related to the method recited by claim 20. For example, the one area of Atkins which is cited in the Office Action, which is perhaps most closely related to the method recited in claim 20 (and even this discussion is very different than the elements of claim 20) recites:

FIG. 10 depicts the Priority Asset and Liability Allocation Process (PALAP). Advantageously, operations research techniques such as goal, dynamic, linear, nonlinear and integer programming functions, a goal programming function, a multiobjective programming function or a combination of the above-identified functions may be used to establish a priority for the allocation of account funds. Further, optimization or sub optimization methods, utilizing expert or decision support systems and incorporating the findings of the modern portfolio theory and the capital asset pricing model, can be utilized with these operations research techniques. PALAP generates a Priority Asset and Liability Allocation Order (PALAO) and a Priority Investment and Borrowing Order (PIBO) for the client's account.

Atkins co. 37:50-63. The above citation from Atkins which appears to be a main area of focus in the Office Action, appears to refer to some general array of different procedures which can be used to establish a priority for the allocation of account funds. However, there is nothing to suggest that this general discussion of there being a myriad of different approaches to providing some asset allocation, would lead to the specific method which is recited in claim 20. Indeed, it is respectfully submitted that there is nothing in Atkins which suggests that the results from a first subroutine should be used in a second subroutine, and then a third subroutine is used to account for investment minimums for different investments.

Respectfully submitted,

Brian J. Keating
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